

#10-
11596-B

LAW OFFICES
ALVORD AND ALVORD

200 WORLD CENTER BUILDING
918 SIXTEENTH STREET, N.W.
WASHINGTON, D.C.
20006

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

ROBERT W. ALVORD
ALBERT H. GREENE
CARL C. DAVIS*
CHARLES T. KAPPLER
JOHN H. DOYLE
MILTON C. GRACE*
GEORGE JOHN KETO**
RICHARD N. BAGENSTOS

* NOT A MEMBER OF D.C. BAR
** ALSO A MEMBER OF OHIO BAR

OF COUNSEL
JESS LARSON
URBAN A. LESTER

CABLE ADDRESS
"ALVORD"

TELEPHONE
AREA CODE 202
393-2266

TELEX
440348 CDAA UI

April 21, 1980

0-112A030
No. APR 21 1980

Date 10.00
Fee \$

ICC Washington, D.C.

RECORDATION NO. 11596-B
APR 21 1980 - 11 25 AM
Filed 1425

INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
Washington, D.C. 20434

Dear Madam:

Enclosed for recordation pursuant to the provisions of
Section §11303(a) of Title 49 of the United States Code and the
regulations thereunder are 1) Limited Recourse Promissory Note-
Security Agreement dated April 21, 1980 and 2) Amendment to Agree-
ment of Lease dated April 21, 1980.

A general description of the railroad equipment covered by
the enclosed document is, as follows:

Ten (10) railroad boxcars Type XM bearing
reporting mark and numbers UMP 1282 through
UMP 1286, inclusive; and UMP 1322 through
UMP 1326, inclusive.

The names and addresses of the parties to the enclosed docu-
ments are:

Limited Recourse Promissory Note-Security Agreement
dated April 21, 1980

PAYOR or DEBTOR: Refco Rail Equipment, Inc.
39 South LaSalle Street
Chicago, Illinois 60603

PAYEE or
SECURED PARTY: Comet Leasing Corp.
130-30 31st Avenue
Flushing, New York 11354

RECEIVED
APR 21 11 21 AM '80
I.C.C.
FEE OPERATION BR.

Count - C.T. Kannan

Secretary
Interstate Commerce Commission
April 21, 1980
Page Two

Amendment to Agreement of Lease dated April 21, 1980

NOTE: The Agreement of Lease dated March 21, 1980 between Refco Rail Equipment, Inc. and Funding Systems Railcars, Inc. to which this document is an Amendment was recorded at 2:20 p.m. on March 21, 1980 and assigned Recordation Number 11596; an Amendment to Agreement of Lease dated March 28, 1980 was recorded at 10:15 a.m. on March 28, 1980 and assigned Recordation Number 11596-A.

LESSOR: Refco Rail Equipment, Inc.
39 South LaSalle Street
Chicago, Illinois 60603

LESSEE: Funding Systems Railcars, Inc.
1000 RIDC Plaza
Pittsburgh, Pennsylvania 15238

The undersigned is agent for the Payor and Lessor mentioned in the enclosed documents for the purpose of submitting the enclosed documents for recordation and has knowledge of the matter set forth therein.

Also enclosed is a remittance in the amount of \$60 in payment of the required recordation fee.

Very truly yours,

ALVORD AND ALVORD, as Agent for
Refco Rail Equipment, Inc.

By Charles T. Kappler
Charles T. Kappler

Interstate Commerce Commission
Washington, D.C. 20423

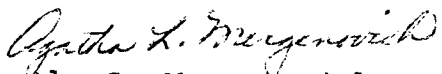
OFFICE OF THE SECRETARY

Charles F. Kappler
Alvord and Alvord
200 World Center Building
918 Sixteenth Street, N. W.
Washington, D. C. 20006

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/21/80 at 11:25AM, and assigned re-
recording number(s). 11596-B, & 11680

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)

MAR 21 1980 -11 40 AM

INTERSTATE COMMERCE COMMISSION

TEXAS COMMERCE BANK
NATIONAL ASSOCIATION

SECURITY AGREEMENT - TANK CARS

TCI 1979 PARTNERSHIP, a general partnership organized and existing under the laws of the State of Texas, the general partners of which are Sam P. Douglass, M. Chapman Findlay, Robert R. Sterling, Edward E. Williams and R. W. Wortham III (such partnership being hereinafter called "Debtor"), and Texas Commerce Bank National Association, a national banking association having its principal office at 712 Main Street, Houston, Harris County, Texas (hereinafter called "Secured Party"), agree as follows:

SECTION I. CREATION OF SECURITY INTEREST.

Debtor hereby grants to Secured Party a security interest in the Collateral described in Section II of this Security Agreement to secure performance and payment of all obligations of Debtor to Secured Party under that certain note of Debtor of even date herewith, in the original principal face amount of ONE HUNDRED NINETY SIX THOUSAND DOLLARS (\$196,000) and all renewals, extensions, refundings and modifications thereof (hereinafter called the "Indebtedness").

SECTION II. COLLATERAL

The collateral of this Security Agreement shall hereby be referred to as Equipment ("Equipment") as defined in this Section II or as the Collateral ("Collateral"):

Equipment shall mean five (5) 21,000 gallon nominal capacity tank cars, DOT 111A100W-1, interior coiled and non-insulated, with 100-ton roller bearing trucks, manufactured by General American Tank Car Company, bearing the following numbers: GLNX 21106, 21107, 21108, 21109 and 21110. The Collateral shall include the Equipment and all additions and accessions thereto, and all right to receive and collect all rentals, liquidated damages, proceeds of sale, all per diem mileage or other payments now or hereafter to become payable under leases permitted hereby or with respect to such Equipment and all accounts, chattel paper, and general intangibles with respect thereto including, without limitation, all right, title, and interest of Debtor in and to that certain Management Agreement by and between Debtor and Glenco Transportation Services, Inc., dated October 18, 1979 ("Management Agreement"). The inclusion of proceeds in this Security

Agreement does not authorize Debtor to sell, dispose of or otherwise use the Equipment in any manner not specifically authorized by this agreement.

SECTION III. PAYMENT OBLIGATIONS OF DEBTOR.

(1) Debtor shall pay to Secured Party the Indebtedness in accordance with the terms of the promissory note evidencing the Indebtedness and in accordance with the terms of this Security Agreement.

(2) Debtor shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorneys' fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the rate of ten percent (10%) per annum.

(3) Subject to the provisions of Section VIB(1) of this Security Agreement, Debtor shall pay immediately, without further notice, the entire unpaid Indebtedness of Debtor to Secured Party, upon Debtor's default under Section V of this Security Agreement, unless such default is fully cured within fifteen (15) days immediately following the issuance of notice of default under Section VIB(1) of this Security Agreement.

SECTION IV. DEBTOR'S WARRANTIES, REPRESENTATIONS AND AGREEMENTS

Debtor warrants, represents and agrees that:

(1) All information supplied and statements made by Debtor to Secured Party in connection with the Indebtedness are true, correct, complete, valid and genuine in all material respects.

(2) No Interstate Commerce Commission filing or financing statement or other filing covering the Collateral or its proceeds is on file in any public office. Except for the security interest granted in this Security Agreement and the encumbrance created by the terms of the Management Agreement, there is no lien, security interest or encumbrance in or on the Collateral and no adverse claim of any third party; and Debtor is the owner of the Collateral free and clear of all such liens, security interests, encumbrances and adverse claims.

(3) Debtor's location and its mailing address is Suite 800, River Oaks Tower, 2001 Kirby Drive, Houston, Harris County, Texas 77019. Debtor's location is: (a) Debtor's place of business if it has only one or (b) Debtor's chief executive office if it has more than one place of business.

(4) Debtor will promptly notify Secured Party in writing of any addition, change and/or discontinuance of (i) its address as shown at the beginning of the Security Agreement; (ii) its location as set forth in this Security Agreement; and/or (iii) its name, its identity or the identity of any of its partners.

(5) Debtor shall pay or shall cause Glenco Transportation Services, Inc. to pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Debtor's failure to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same, provided, however, that Secured Party will not pay any such tax, charge, lien or assessment so long as Debtor at its own expense is contesting in good faith and with due diligence any such taxes, charges, liens and assessments asserted against the Collateral provided that the proceedings brought in such contest shall suspend or stay the collection of such taxes, charges, liens or assessments and neither the Collateral nor any part thereof shall be subjected to any sale, foreclosure or forfeiture. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred, by Secured Party pursuant to the foregoing authorization, plus interest thereon at the rate of ten percent (10%) per annum.

(6) Debtor will have and maintain or cause to be maintained at all times insurance with respect to all Equipment covering physical loss or damage from any cause whatsoever (subject to such exclusions as are standard in such insurance of the type generally in use), in the amount of at least \$57,000 per unit of Equipment, with liability insurance of at least \$300,000 per occurrence, together with an umbrella-type policy coverage in the amount of \$10,000,000. Such insurance shall be written by companies satisfactory to the Secured Party, and the insurance policies shall also contain a standard mortgagee's endorsement providing for payment of any loss to Secured Party. All policies of insurance shall provide for at least ten days'

written cancellation notice to Secured Party. All drafts or instruments of any kind evidencing payment under any such insurance policies which come into the possession of Debtor shall be immediately delivered to Secured Party. No such policies shall be payable to any party other than Secured Party, Debtor or Glenco Transportation Services, Inc. Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing provisions and requirements, each in form and substance of no lesser quality or coverage than the certificate of insurance attached hereto as Exhibit A. Secured Party may act as attorney-in-fact for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts drawn by insurers of the Collateral and shall apply any proceeds of such insurance which may be received by it in payment on account of the obligations secured hereby, whether due or not. In the event of loss, theft or destruction of or damage to any one or more units of the Equipment, the Secured Party shall release such lost, stolen, destroyed or damaged units from the Collateral, and shall remove its security interest therein, upon receipt from the Debtor of an amount equal to not less than 110% of that amount resulting from the following calculation. The quotient obtained by (a) dividing the amount of the Indebtedness outstanding on the date upon which the release is being calculated ("X") by the number of tank cars which are collateral on such date ("W"), (b) shall be multiplied by the number of units to be released on the date such calculation is made ("U"). Thus, the entire formula may be stated mathmatically as follows:

$$\frac{XU(110\%)}{W}$$

Upon such release, Secured Party shall in addition surrender to Debtor any rights to payment under the insurance described above insofar as such rights to payment relate to the lost, stolen, destroyed or damaged unit or units.

(7) The Equipment.

(a) The Equipment will be used primarily for business use and for leasing by Glenco Transportation Services, Inc. pursuant to the Management Agreement or to responsible and credit-worthy third parties approved by

Secured Party, unless Secured Party consents in writing to another use.

(b) The Equipment will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use as described in Section IV(7)(a) above, and will not be used in violation of any statute or ordinance or as part of a unit-train.

(c) The Equipment will not be sold, transferred or disposed of by Debtor or be subjected to any unpaid charge, including rent and taxes, or to any subsequent interest of a third person voluntarily created or suffered by Debtor, except the Management Agreement referenced in Section II above and leases referenced in Section IV(7)(a) above, unless Secured Party consents in advance in writing to such sale, transfer, disposition, charge, or subsequent interest. In the event of sale, transfer or disposition of any one or more units of Equipment, the Secured Party shall release such sold, transferred, or disposed unit from the Collateral, and shall remove its security interest therein, upon receipt of an amount calculated as set forth in Section IV(6) above.

(8) Debtor shall, at his expense, do, make, procure, execute and deliver all acts, things, writings and assurances as Secured Party may at any time reasonably require to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Security Agreement.

(9) Debtor shall sign and execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all connected costs, necessary to protect the security interest under this Security Agreement against the rights or interests of third persons.

(10) Debtor will not lend, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by Secured Party, and Debtor shall keep the

Collateral, including the proceeds from any disposition thereof, free from unpaid charges, including taxes, and from liens, encumbrances, and security interests other than that of Secured Party.

SECTION V. EVENTS OF DEFAULT.

Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

(1) Debtor's failure to pay when due any Indebtedness secured by this Security Agreement, either principal or interest.

(2) Default by Debtor in the punctual performance of any of the obligations, covenants, terms or provisions contained in or referred to in this Security Agreement or in any note secured hereby.

(3) Any warranty, representation, or statement contained in this Security Agreement, or made or furnished to Secured Party by or on behalf of Debtor in connection with this Security Agreement or to induce Secured Party to make a loan to Debtor proves to have been false in any material respect when made or furnished.

(4) Loss, theft, substantial damage, or destruction to or of any material part of the Collateral, provided, however, that if and to the extent that the Secured Party releases such lost, stolen, damaged or destroyed part of the Collateral pursuant to Section IV(6) of this Security Agreement, such loss, theft, substantial damage, or destruction shall not operate as a default hereunder.

(5) Sale (except as authorized in this Security Agreement) or encumbrance of any material part of the Collateral, or the making of any levy, seizure or attachment thereof.

(6) The liquidation, dissolution, termination of existence, insolvency or business failure of Debtor or of any of its partners; the appointment of a receiver of all or any part of the property of Debtor or any of the partners of Debtor; an assignment for the benefit of creditors by Debtor or any of the partners of Debtor; the calling of a meeting

of creditors of Debtor or any of the partners of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor or any of the partners of Debtor or any guarantor, surety or endorser for Debtor.

(7) Any statement of the financial condition of Debtor or of any partner of Debtor submitted to Secured Party by Debtor or any such partner of Debtor proves to be false in any material respect.

SECTION VI. SECURED PARTY'S RIGHTS AND REMEDIES.

A. Rights Exclusive of an Event of Default.

(1) Secured Party may inspect the Collateral and Debtor's books and records pertaining to the Collateral from time to time, and Debtor shall assist Secured Party in making any such inspection.

(2) Secured Party may call at Debtor's location or place or places of business at reasonable intervals to be determined by Secured Party and, without hindrance or delay, inspect, audit, check, and make copies of and extracts from the books, records, journals, orders, receipts, correspondence and other data relating to the Collateral or to any transaction between Debtor and Secured Party, and Debtor shall assist Secured Party in making any such inspection.

(3) At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral, provided, that Debtor may contest in good faith any assessed taxes, charges, liens and assessments as provided in Section IV(5) above. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the rate of ten percent (10%) per annum.

B. Remedies in the Event of Default.

(1) Upon the occurrence of an Event of Default, and at any time thereafter, Secured Party may, upon fifteen (15) days' written notice of default to Debtor, declare all obligations secured hereby immediately due and payable and

shall have the rights and remedies of a Secured Party under the Uniform Commercial Code of Texas, and as otherwise permitted by law, and in addition thereto and cumulative thereof, the following rights: the right to sell, lease, or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom; Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold in a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice of sale shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least five days before the time of sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, and Debtor agrees to pay such expenses, plus interest thereon, at the rate of ten percent (10%) per annum upon fifteen (15) days' prior written notice from Secured Party. Debtor shall remain liable for any deficiency. Nothing in this paragraph shall prevent Debtor from curing any curable default prior to the expiration of fifteen (15) days immediately following the issuance of notice of default by Secured Party, but unless all existing defaults have been fully cured as of the end of such fifteen (15) day period, Secured Party may proceed forthwith, without further notice of default, to exercise its rights and remedies referenced hereinabove.

(2) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

(3) Secured Party may execute, sign, endorse, transfer or deliver in the name of Debtor notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement.

(4) In protecting, exercising or assuring its interests, rights and remedies under this Security Agreement Secured Party may receive, open and dispose of mail addressed to Debtor and execute, sign and endorse notes, checks, drafts and other instruments for the payment of money, certificates of title or other evidences of payment, shipment or storage for any form of Collateral or proceeds on behalf of and in the name of Debtor, or any other documents necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement.

(5) Secured Party may at any time demand, sue for, collect or make any compromise or settlement with reference to the Collateral as Secured Party, in its sole discretion, chooses.

(6) Secured Party may notify Glenco Transportation Services, Inc. or the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness remitted by Debtor to Secured Party as proceeds, or in which Secured Party may have a security interest under this Security Agreement, to pay Secured Party directly.

(7) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

SECTION VII. ADDITIONAL AGREEMENTS.

(1) "Secured Party" and "Debtor" as used in this instrument include the heirs, executors and administrators, successors, representatives, receivers, trustees and assigns of those parties.

(2) The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this instrument. Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

(3) The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument.

EXECUTED this 12th day of December, 1979.

DEBTOR:

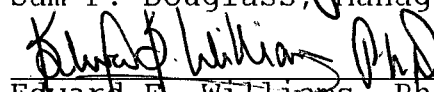
TCI 1979 PARTNERSHIP

By



Sam P. Douglass, Managing Partner

By

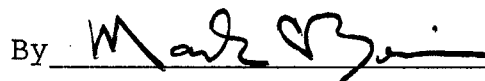


Edward E. Williams, Ph.D.,
Administrative Partner

SECURED PARTY:

TEXAS COMMERCE BANK NATIONAL
ASSOCIATION

By



THE STATE OF TEXAS §
§ SS.:
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Sam P. Douglass, to me personally known, who being by me duly sworn, says that he is a partner of TCI 1979 PARTNERSHIP, a Texas general partnership, that the execution of the foregoing instrument was for the purposes and consideration therein expressed and was the free act and deed of such partnership.

14th day of December, 1979. GIVEN under my hand and seal of office, this the

DRUSILLA D. RAY
Notary Public in Harris County, Texas
My Commission Expires 9-13-1981

My commission expires:
9-13-81

Notary Public in and for
Harris County, Texas

Drusilla D. Ray

THE STATE OF TEXAS §
§ SS.:
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Edward C. Williams, ^{PAY} to me personally known, who being by me duly sworn, says that he is a partner of TCI 1979 PARTNERSHIP, a Texas general partnership, that the execution of the foregoing instrument was for the purposes and consideration therein expressed and was the free act and deed of such partnership.

14th day of December, 1979. GIVEN under my hand and seal of office, this the

DRUSILLA D. RAY
Notary Public in Harris County, Texas
My Commission Expires 9-13-1981

My commission expires:
9-13-81

Notary Public in and for
Harris County, Texas

Drusilla D. Ray

STATE OF TEXAS

§

§ SS.:

COUNTY OF HARRIS

§

On this 14th day of December, 1979,
before me personally appeared Mark C. Bousa to me
personally known, who being by me duly sworn, says that he
is a Banking Officer of Texas Commerce Bank National
Association, a national banking association, that the
foregoing instrument was signed by him on behalf of said
association by authority of its Board of Directors, and he
acknowledged that the execution of the foregoing instrument
was for the purposes and consideration therein expressed and
was the free act and deed of said association.

DOUGILLA D. RAY
Notary Public in Harris County, Texas

My Commission Expires 9-13-81

My commission expires:

9-13-81

Notary Public in and for
Harris County, Texas

Douville D. Ray



Insurance

P. O. BOX 1388

2727 ALLEN PARKWAY ~ HOUSTON, TEXAS

PHONE 526-3300

November 28, 1979

To: T. C. I. Partnership
c/o Glenco Transportation Services, Inc.
1700 West Loop South, Suite 1205
Houston, Texas 77027

We certify that we have ~~XXXXXX~~
in effect insurance as follows:

Insured: Glenco Transportation Services, Inc., Manager and T. C. I. Partnership, Owner,
as their respective interests may appear.

Loss, if any, ~~XXXXXXXX~~ adjusted with Glenco Transportation Services, Inc., Manager and
payable to T. C. I. Partnership and Texas Commerce Bank, Houston, Texas as
their interest may appear.

From: March 13, 1979

To: March 13, 1980

On: Railroad Cars Nos. GLNX 21106, 21107, 21108, 21109 and 21110

~~XXXXXX~~~~XXXX~~~~XXXXXXXXXX~~

Limits of Liability not more than: \$ 57,000. any one Railroad Car
\$250,000. any one loss, disaster or casualty

Conditions: Subject to the terms and conditions of Lexington Insurance
Company's "All Risks" Railroad Rolling Stock Policy No. IF 861 7461.

Deductible: \$5,000. per car

This document is a memorandum only and is subject to all terms and conditions of Underwriters' policy/policies issued or to be
issued. Please advise us immediately of any discrepancies, inaccuracies or necessary changes.

JJL:be

Yours very truly,

JOHN L. WORTHAM & SON

John J. Little
By John J. Little